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September 11, 2002

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VIA HAND DELIVERY

RECEIVED

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
236 Massachusetts Ave., N.E.
Suite 110
Washington, D.C. 20002

Re: **Notice of *Ex Parte* Presentation**
Verizon Emergency Petition- WC Docket No. 02-202

Dear Ms. Dortch:

Pursuant to Section 1.1206(b) of the Commission's rules, two copies of this notice and enclosures are being submitted to the Secretary.[1] On Tuesday, September 10, 2002, R. Michael Senkowski, Robert J. Butler and H. Jason Gold of Wiley Rein & Fielding LLP; Jim Ogg, CEO and Chairman of the Local Telephone Division of Madison; Grant Spellmeyer, Regulatory and Corporate Counsel of TDS Telecommunications, and Bobby Franklin, Vice President of Federal Government Affairs for ALLTEL Communications, on behalf of the Mid-Size Carrier Group ("MSCG"), met with Commissioner Abernathy; Matthew Brill, Common Carrier Legal Advisor to Commissioner Abernathy; Jordan Goldstein, Senior Legal Advisor to Commissioner Copps; Jeffrey Carlisle, Senior Deputy Bureau Chief of the Wireline Competition Bureau; Jessica Rosenworcel, Legal Counsel to the Bureau Chief of the Wireline Competition Bureau; Gregory A. Cooke, Deputy Chief of the Competition Policy Division; Judith A. Nitsche, Assistant Division Chief of the Pricing Policy Division, and Pamela Arluk and Julie Saulnier of the Wireline Competition Bureau.

The purpose of the presentation was to discuss issues in connection with the Verizon Emergency Petition and the protections available to carrier suppliers and end users when dealing with distressed carriers. A copy of the presentation is attached hereto.

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[1] 47 C.F.R. §1.1206(b) (2001).

Wiley Rein & Fielding LLP

If you have any questions concerning the above, please contact the undersigned.

Sincerely,

Robert J. Butler

Enclosure

WC DOCKET NO. 02-202

THE MID-SIZE CARRIER GROUP

- **Group of 12 small and mid-sized carriers:**
  - **ALLTEL Communications, Inc.**
  - **CenturyTel, Inc.**
  - **FairPoint Communications, Inc.**
  - **Citizens Communications Company (on its own behalf and on behalf of the Frontier and Citizen ILECs under its ownership)**
  - **Iowa Telecommunications Services, Inc.**
  - **Madison River Telephone Company, LLC**
  - **Rock Hill Telephone Company d/b/a COMPORIUM Communications**
  - **Roseville Telephone Company**
  - **TDS Telecommunications Corporation**
  - **The Concord Telephone Company**
  - **Valor Telecommunications Enterprises, LLC**
  - **Virgin Islands Telephone Corporation d/b/a Innovative Telephone**

  (and their respective affiliates and subsidiaries)

- **Members provide a wide range of services to rural and insular communities**

- **Members provide a variety of services to WorldCom**

- **Group formed to address common concerns about WorldCom bankruptcy**

THE GROUP'S FINANCIAL CONCERN AS CREDITORS

- **Over $100 million for group in WorldCom pre-petition debt**

- **WorldCom represents 13% - 29% of group members' access revenues and 4% - 9% of their ILEC revenues**

- **WorldCom payments routinely late prior to bankruptcy petition – average of 24 days late and often as much as 120 days late**

- **Switched access exposure for group of 90 days from start of billing period to ability to terminate**

- **Special access service exposure for group of 60 days from start of billing period to ability to terminate**

- **Uncollected receivables a big risk and exposure for small and mid-sized carriers**

THE PUBLIC INTEREST CONCERN FOR CUSTOMERS

- **Abrupt termination of service by WorldCom would affect 20 million long distance customers, additional numbers of CLEC customers and as much as half the worldwide Internet traffic**

- **Planning for the worst requires sound contingency plan**

- **A migration plan is essential to protect customers**

- **The financial health of group members is also important for service to their communities**

A SEAMLESS TRANSITION CUSTOMER PROTECTION PLAN ("STCPP")

- **Plan tailored to special needs of different types of customers/services (switched access, special access and CLEC transitions)**

- **Key elements: self-executing, transparent, and no additional cost to end users**

- Switched Access STCPP

  1. *Transition Plan Trigger* – **Automatically takes effect without additional state or FCC regulatory approval upon defined default conditions set out in tariffs pursuant to regulatory authorization. [When depends on other permitted payment safeguards]**

  2. *Pre-Obligation Notice from IXC* – **IXC with impaired creditworthiness required to give notice to end users, including**

written overview of the plan and advisory on user rights in the process.

3. *Joint Transition Letter* – When plan triggered, defaulting IXC and serving ILEC send letter to customers setting forth options for long distance service and transition period rates.

4. *ILEC Waiver of PIC Change Charge* – FCC and State PUCs permit ILECs to revise tariffs to target end users of financially distressed carriers for PIC change waiver.

5. *Flat Rate Long Distance Calling with No Monthly Minimums or Service Fees* – Special transitional rates and charges would be in effect during the 30 day migration period. The Mid Size Carrier Group would commit to 7 cents per minute long distance calling with no monthly minimums or service fees, which we believe would be consistent with the lowest rates generally available in the market with no monthly fee or minimum.

6. *IXC Cooperation* – Cooperation of defaulting carrier with ILEC required.

7. *30 Day Transition Period* – End users would have 30 days to select and implement their choices for a new primary interexchange carrier.

- **Special Access STCPP**

1. More difficult because (i) more complex services, and (ii) additional parties involved.

2. Default Trigger - Defaulting IXC given 20 days to pay invoices and 5 days to cure.

3. Migration Period - Upon default, ILECs work with IXC during the following 25 days to transition the special access end-users to the ILEC or another provider.

4. Direct ILEC-Customer Billing Option - During transition period, the end-users could establish a direct billing arrangement with the ILEC to ensure payment and continuation of service.

5. IXC Cooperation – IXC required to cooperate with ILEC with respect to the transition of end users.

- **CLEC STCPP**

1. Even more difficult because may not be comparable ILEC facilities immediately available.

2. State PUC Participation – CLEC transitions inherently require FCC and State PUC coordination and consistency.

3. Blanket Waivers – ILECs need blanket waivers as insulation from liability in connection with mass migrations of CLEC customers and services. They include waivers regarding slamming and CPNI transfers. Exiting CLECs, who have ready access to their end-user contact information, should be responsible for giving notice.

4. CLEC Carrier Notifications - CLECs should be required to give notice, make customer lists available to ILECs and other carriers on a non-discriminatory basis to facilitate the transition and give all carriers an opportunity to solicit the end-users' business.

5. No Interoperability with CLEC CPE – ILECs should not have any obligation to modify their networks in order to be interoperable with customized CPE during the transition period.

6. Obligations to Defaulting End Users – Underlying ILEC should be required to assume end users in keeping with standard customer acceptable criteria. 911 should remain the CLEC responsibility until the transition is complete. In addition, CLEC should not be allowed to shut down its switches until transition is completed.

7. Return of Numbering Resource – FCC should clarify rules to require CLECs exiting market to return their numbering resources to the pool and/or pool administrator.